

## TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1
AGENCY RESPONSE	2
FINDINGS AND RECOMMENDATIONS	
Occupancy	2
Supplies	2-3
Local Transportation	3
Case File Review	3

## **INTRODUCTION**

Mid-Michigan Child Care Centers, Inc. entered into contract #BA-02-73002 with the Michigan Family Independence Agency (FIA) to provide an After-School Program for children ages 6-12. The children participated in activities such as prevention programs regarding anger management, conflict resolution, substance abuse, life skills programs and parent/student social activities and events. The contract totaled \$80,000 and covered the period August 15, 2001 through June 15, 2002. Mid-Michigan Child Care Centers, Inc. was reimbursed for actual costs incurred through the submission of monthly billings to FIA.

## **SCOPE**

The Office of Internal Audit performed an audit of Mid-Michigan Child Care Centers, Inc. to determine if their billings were accurate, allowable, and properly supported by the accounting records and other supporting documentation, in accordance with the terms of the contract.

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that Mid-Michigan Child Care Centers, Inc. has overbilled FIA a total of \$196.86. The occupancy and supplies line items were overbilled, and the local transportation line item was underbilled. Our report recommends that the Field Operations Administration allow Mid-Michigan Child Care Centers, Inc. to revise the budget to include some items that were not included in the original budget, and adjust future billings to reimburse for the overbilled costs and bill for the under billed costs.

## **AGENCY RESPONSE**

The management of Mid Michigan Child Care Centers, Inc. has reviewed the findings and recommendations included in this report. They indicated in a letter dated June 6, 2002 that they are in agreement with the report and have taken corrective action.

## **FINDINGS AND RECOMMENDATIONS**

### **Occupancy**

1. Mid-Michigan Child Care Centers, Inc. correctly billed the occupancy line item for administrative office space. However, the administrative office space was included in the miscellaneous line item in the contract budget.

In addition, Mid-Michigan Child Care Centers, Inc. overbilled the occupancy line item by \$70.66 because the water, heat and electric expenses were less than the amount billed.

WE RECOMMEND that the Field Operations Administration instruct Mid-Michigan Child Care Centers, Inc. to amend their contract budget to include the cost of the administrative office space in the occupancy line item, instead of the miscellaneous line item.

WE ALSO RECOMMEND that the Field Operations Administration ensure that Mid-Michigan Child Care Centers, Inc. adjusts their billings for the \$70.66 that was overbilled.

### Supplies

2. Mid-Michigan Child Care Centers, Inc. overbilled the supplies line item by \$301.95 because they billed for food and a copier. Neither of these expenses was allowable under the terms of the contract.

WE RECOMMEND that Field Operations Administration either allow Mid-Michigan Child Care Centers, Inc. to revise their budget to allow for food and copier expense in the supplies line item, or initiate the process to recoup \$301.95 from Mid-Michigan Child Care Centers.

### Local Transportation

3. Mid-Michigan Child Care Centers, Inc. underbilled FIA \$175.75 for local transportation because they did not bill for the van expense for the month of August.

WE RECOMMEND that the Field Operations Administration inform Mid-Michigan Child Care Centers, Inc. that they may bill for the additional van expense.

### Case File Review

4. We reviewed 23 out of 32 case records for TANF forms, survey forms, Kinder Kare Enrollment form, pre-test and parent education/parent involvement forms. We found each case had all the proper documentation on file.